



***Program Compliance Office
Cal Grant Program Review Report***

2000-01 Award Year

**Point Loma Nazarene University
Program Review ID#80200126200**

**3900 Lomaland Drive
San Diego, CA 92106-2899**

Program Review Dates: 11/12/2002 - 11/15/2002

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AUDITOR'S REPORT

SUMMARY

We reviewed Point Loma Nazarene University's administration of California Student Aid Commission (Commission) programs for the 2000-2001 award year.

The institution's records disclosed the following deficiencies:

- Satisfactory Academic Progress quantitative measure not meeting federal requirement.
- Satisfactory Academic Progress not monitored.

BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants	A and B
Specialized Programs	Graduate Fellowship and Cal T

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Institution of Higher Education, Private
- Chancellor: Dr. Bob Brower
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 3254

B. Institutional Persons Contacted

- Mary Jane Towne-Denton: Director of Financial Aid
- Frank Williams: Financial Aid Officer
- Jeannette Chavez: Accountant
- George Latter: Controller

C. Financial Aid

- Date of Prior Commission Program Review: June 1995
- Branches: San Diego Mission Valley, Arcadia and Bakersfield
- Financial Aid Programs: Federal: Family Education Loan Program; Work Study; Pell; SEOG; Perkins Loans
State: Cal Grant A ,B, T, and Graduate Fellowship
- Financial Aid Consultant: None

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 40 students who received a total of 37 Cal Grant A, 1 Cal Grant B, 1 Cal Grant T and 1 Graduate Fellowship awards within the review period awards within the review period. The program review sample was randomly selected from the total population of 485 recipients.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The findings were discussed with agency representatives in an exit conference on November 15, 2002. The agency staff concurred with all findings.

November 15, 2002

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

**A. GENERAL
ELIGIBILITY:**

**FINDING Satisfactory Academic Progress Quantitative Measure Not Meeting
Federal Requirement**

An examination of the institution's written satisfactory academic progress (SAP) policy for the review period revealed that the institution was not complying with federal regulations.

DISCUSSION:

Title IV Federal regulations, require an institution to establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP. The policy must contain a qualitative and a quantitative component. The quantitative component consists of a maximum timeframe in which a student must complete his or her educational program within the 150 percent of the published length of the educational program. The school must divide the maximum timeframe into equal evaluation periods called increments. An increment cannot be longer than half of the program or one an academic year, whichever is less. Each increment must designate the minimum percentage or amount of work that a student must successfully complete in order to complete his or her educational program within the maximum timeframe. In addition, maximum timeframe progress must be reviewed at least once per academic year.

While reviewing the Point Loma Nazarene University's (PLNU) SAP policy it was revealed that the federal requirement for the quantitative component was not adequately addressed as follows:

"PLNU financial aid recipients are required to make satisfactory academic progress toward their degree to maintain eligibility for financial aid programs. The SAP policy requires students to:

- Complete a minimum number of units (quantitative requirements); and
- Maintain a minimum grade-point average at the end of each semester (qualitative requirement).

This applies to all student aid recipients whether or not they received federal or state financial aid.

Students maintaining their eligibility for financial aid must complete a minimum number of units by the end of each semester. This minimum must represent 67% of the total units attempted and be in line with PLNU's individual educational program completion requirements."

PLNU's SAP policy states the student must complete the minimum of 67 % of the total units attempted. However, the school's SAP policy does not define how many units the student must attempt. For a student to complete their education program, the student must complete 128 units. To complete 128 units within 4 years, PLNU must require the students to complete 32 units a year or 16 units per

FINDINGS AND REQUIRED ACTIONS (continued)

term. In order for student to complete his or her education program within 150% (6 years) of the published length of the educational program, PLNU must require students to attempt 32 units per year or 16 units per term with a completion rate of 67%.

Formula for Quantitative Standards	Meet Graduation Requirement of 128 credits
24 x 67%= 16.08 16.08 x 6 years= 96.48 at the end of 6 years	No
32 credits x 67%=21.44 credits 21.44 x 6 years= 128.64 units at the end of 6 years	Yes

No observations of non-compliance with SAP quantitative component were observed from the student sample reviewed.

REFERENCES:

34 CFR 668.16(e)(2)(ii)(B)(C)
2000-01 Financial Aid Handbook, Student Eligibility, Chapter 1, pages 1-21 to 1-23
Institutional Agreement III.A.1
Cal Grant Manual, Chapter 9, page 9-5
Point Loma Nazarene College, How Maintain SAP for Financial Aid Eligibility

REQUIRED ACTION:

The institution must revise the quantitative measure component of their SAP policy to be in compliance with the federal requirement. In addition, school is advised to reference the above-cited regulations and the exceptions noted within this report. Please submit a copy of the updated policy in response to this issue as well as the method by which the school's revised policy will be disseminated to all current and prospective students.

INSTITUTION RESPONSE:

The compliance review report stated that "In order for student to complete his or her education program within 150% (6 years) of the published length of the educational program, PLNU must require students to attempt 32 units per year or 16 units per term with a completion rate of 67%."

Because requiring our students to attempt 16 units per term would be impractical (the average semester unit load is approximately 15 units), we have instead revised our SAP policy to comply with federal requirements by including a minimum number

FINDINGS AND REQUIRED ACTIONS (continued)

of units that must be completed each year, rather than just units completed as a percentage of units attempted. This revised requirement means that students who attempt fewer than 32 units during a year must complete a higher percentage of those units than students who attempt 32 or more.

A copy of the revised policy is attached. It will be made available in the Student Financial Services office to current and prospective students and will be added to PLNU's Web site by the end of April 2003. It will also be included with all 2003-04 initial financial aid award letters.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

B. FUND DISBURSEMENT AND REFUNDS:

FINDING: Satisfactory Academic Progress Not Monitored

A review of 40 student records revealed 1 case where the institution did not monitor satisfactory academic progress.

DISCUSSION:

An institution must establish and follow their satisfactory academic progress policy. PLNU states:

QUALITATIVE MEASURE:

The financial aid SAP policy requires students to maintain a minimum cumulative grade-point average:

1.80	First-Time Freshmen students (first semester only)
2.00	All other undergraduate students

QUANTITATIVE MEASURE:

Students maintaining their eligibility for financial aid must complete a minimum number of units by the end of each semester. This minimum must represent 67% of the total units attempted and be in line with PLNU's individual educational program completion requirements.

Student No. 35 attempted 13 units and paid full-time status during the fall 2000; however, the student completed 2 units. Based on the SAP quantitative measure, the student should have completed 9 units ($13 \times 67\%$). After the fall 2000 the student should have been placed on probation for the Spring 2001.

Furthermore, the student attempted 9 units and paid three-quarter-time status for the spring 2001. The student completed zero units. Based on the SAP quantitative measure the student should have completed 6 units ($9 \times 67\%$). Since the student should have been on probation during spring 2001 and not meet the

FINDINGS AND REQUIRED ACTIONS (continued)

SAP requirement at the end of the spring 2001, the student should have been disqualified according to the institution, "Financial Aid Probation and Disqualification. If a students fail to meet the SAP requirements following the probationary semester, they will be disqualified."

REFERENCES:

34 CFR 668.16 (e) (2) (ii) B
California Education Code, 69535 (c)
2000-01 Financial Aid Handbook, Student Eligibility, Chapter 1, pages 1-21 to 1-24
Institutional Agreement, Article III.A.1,
Cal Grant Manual, Chapter 2, page 2-5
Cal Grant Manual, Chapter 5, page 5-15
Cal Grant Manual, Chapter 9, page 9-5
Institutional Satisfactory Academic Progress Policy

REQUIRED ACTION:

The institution must provide the procedures and the internal controls that have been implemented to ensure that all Cal Grant recipients are making satisfactory academic progress as indicated in the institution's satisfactory academic progress policy and placed on probation or disqualify when student is not meeting satisfactory academic progress.

INSTITUTION RESPONSE:

We respectfully disagree with the statement that the institution was not monitoring satisfactory academic progress. We believe the real issue is that the institution's SAP policy indicated the quantitative standard would be applied to each semester (i.e., semester units attempted vs. semester units completed) rather than cumulatively (as is required by federal regulation). In fact, the institution's computer software was programmed correctly (i.e., cumulatively), which is why the student in question was missed.

Therefore, the institutions policy was incorrect (and more stringent than federal requirements) in this regard, but the software that generated the SAP report was programmed correctly. In any event, the student in question did not receive any federal or state assistance for which she was not qualified.

We have revised our SAP policy so that both qualitative and quantitative standards are applied annually, rather than each semester, and the quantitative standard will be applied cumulatively, in accordance with federal regulations. A copy of the revised SAP policy is attached.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

During the review period, the institution's SAP quantitative policy clearly states, "Students maintaining their eligibility for financial aid **must complete a minimum number of units by the end of each semester. This minimum must represent 67% of the total units attempted** and be in line with PLNU's individual educational program completion requirements." As illustrated under discussion, student No. 13 did not complete in either term 67% of units attempted. Therefore, the student was not monitored accordingly to the institution policy for that award year.

No further action deemed necessary since the revised quantitative standards are applied annually, rather than each semester and will be applied cumulatively.

ATTACHMENT A – STUDENT SAMPLE
